

Sabine Parish Tourist and Recreation Commission

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/27/02



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Eugene W. Fremaux II

Certified Public Accountant

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
JUNE 30, 2002

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>SCHEDULE</u>	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	-	-	1
GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)			
Combined balance sheet - all fund types and account groups	A	-	3
Combined statement of revenues, expenditures, and changes in fund balance - all governmental fund types	B	-	4
Notes to financial statements	-	-	5
FINANCIAL STATEMENTS OF INDIVIDUAL FUND AND ACCOUNT GROUPS			
General Fund:			
Comparative balance sheet	C	-	10
Statement of revenues, expenditures and changes in fund balance - budget (GAAP basis) and actual	D	-	11
General Fixed Assets Account Group:			
Comparative statement of general fixed assets	E	-	13
Statement of changes in general fixed assets	F	-	13
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	-	-	14

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Sabine Parish Tourist and
Recreation Commission
Many, Louisiana

I have audited the accompanying general purpose financial statements of the Sabine Parish Tourist and Recreation Commission, Many, Louisiana, and the individual fund and account group financial statements of the Sabine Parish Tourist and Recreation Commission, Many, Louisiana, as of June 30, 2002 and for the year then ended. These financial statements are the responsibility of the Sabine Parish Tourist and Recreation Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether these financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Sabine Parish Tourist and Recreation Commission, Many, Louisiana, as of June 30, 2002, and the results of its operations, and changes in fund balance for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in my opinion, the individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of the individual fund and account group of the Sabine Parish Tourist and Recreation Commission at June 30, 2002, and the results of the operations of such funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated October 21, 2002 on my consideration of the Sabine Parish Tourist and Recreation Commission, Many, Louisiana's internal control over financial reporting and my tests on its compliance with certain provision of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

The financial information for the year ended June 30, 2001, which is included for comparative purposes, were taken from the financial report for that year in which I expressed an unqualified opinion dated November 6, 2001, on the general purpose, individual fund, and account group financial statements of the Sabine Parish Tourist and Recreation Commission, Many, Louisiana.

A handwritten signature in black ink, appearing to read 'Eugene W. Fremaux II', with a stylized flourish at the end.

EUGENE W. FREMAUX II, CPA
October 21, 2002

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2002 AND 2001

	GOVERNMENT FUND TYPE GENERAL FUND	ACCOUNT GROUP GENERAL FIXED ASSETS	TOTALS (MEMORANDUM ONLY) JUNE 30,	
			2002	2001
ASSETS				
Cash	\$133,579	\$0	\$133,579	\$125,143
Accounts receivable	14,221	0	14,221	11,488
Office furniture and equipment	0	13,518	13,518	13,518
Automobile	0	13,749	13,749	20,243
Land	0	45,695	45,695	0
Prepaid expenses	1,539	0	1,539	5,456
Total assets	<u>\$149,339</u>	<u>\$72,962</u>	<u>\$222,301</u>	<u>\$175,848</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	<u>\$1,324</u>	<u>\$0</u>	<u>\$1,324</u>	<u>\$2,965</u>
Total liabilities	<u>1,324</u>	<u>0</u>	<u>1,324</u>	<u>2,965</u>
Fund equity:				
Investment in general fixed assets	0	72,962	72,962	33,761
Fund balance - unreserved	<u>148,015</u>	<u>0</u>	<u>148,015</u>	<u>139,122</u>
Total fund equity	<u>148,015</u>	<u>72,962</u>	<u>220,977</u>	<u>172,883</u>
Total liabilities and fund balance	<u>\$149,339</u>	<u>\$72,962</u>	<u>\$222,301</u>	<u>\$175,848</u>

The accompanying notes are an integral part of these statements.

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEARS ENDED JUNE 30, 2002 AND 2001

	2002	2001
Revenues:		
Hotel-motel tax	\$98,676	\$95,465
Act 18 appropriation	107,700	82,700
Miscellaneous income	354	42
Interest income	1,867	3,510
Total revenues	208,597	181,717
Expenditures:		
General government:		
Advertising, printing and publicity	50,063	90,116
Administrative fee	57,996	49,793
Shows and travel expense	18,096	22,998
Office supplies	3,152	3,012
Professional fees	2,556	950
Insurance	2,257	1,280
Telephone	3,766	2,994
Dues	949	1,174
Interest	56	115
Collection fees	1,369	1,546
Total general government	140,260	173,978
Capital outlay	59,444	1,503
Total expenditures	199,704	175,481
Excess (deficiency) of revenues over (under) expenditures	8,893	6,236
Fund balance, beginning	139,122	132,886
Fund balance, ending	\$148,015	\$139,122

The accompanying notes are an integral part of these statements.

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

(1) Summary of significant accounting policies

The Sabine Parish Tourist and Recreation Commission, Many, Louisiana, was created in 1974 and operates as a political subdivision of the state of Louisiana under R.S. 33:4574 to promote tourism with Sabine Parish.

The accounting and reporting practices of the Sabine Parish Tourist and Recreation Commission conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting procedures also conform to the general requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

The following is a summary of certain significant accounting policies and practices the Commission now follows:

Fund accounting - The accounts of the Tourist and Recreation Commission are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of the general fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds are grouped in this report into one generic fund type and one broad fund category as follows:

Governmental Fund -

General Fund -

The general fund is the general operating fund of the Commission. It is used to account for all financial resources of the Commission.

Fixed assets and long-term liabilities - The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The general fund is accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on its balance sheet. Its reported fund balance is considered a measure of "available spendable resources".

Fixed assets used in general fund operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the general fund when purchased. No depreciation has been recorded on general fixed assets.

All fixed assets are valued at historical cost.

This account group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with measurement of results of operation.

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

(1) Summary of significant account policies (continued)

Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group. This is not a fund but rather an account group that is used to account for the outstanding principal balances of long-term debt.

Basis of accounting - Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The general fund is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become available as net current assets. Motel taxes, intergovernmental revenues, and interest are accrued when their receipt occurs soon enough after the end of the accounting period to be both measurable and available.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Budget practices - The Commission prepares and adopts an annual budget, the dollar amounts being allocated to the various expenditure categories based upon the total amount of anticipated revenues. Budget appropriations lapse at the end of each year.

Comparative data - Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Commission's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Total columns on combined statements - overview - Total columns on the combined statements - overview are captioned "MEMORANDUM ONLY" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

(2) Pending litigation

The Sabine Parish Tourist and Recreation Commission is not involved in any litigation at June 30, 2002.

(3) Tax revenue

The Commission is authorized to levy and collect sales taxes at the rate of 3% of certain sales by tourist enterprises. Effective July 1, 1996 the Commission replaced the sales tax ordinance as adopted by the Sabine Parish Police Jury on July 17, 1974 with an ordinance to collect a 3% occupancy tax within the framework provided by Act No. 47 of the 1995 Regular Session of the Louisiana Legislature. During the year ended June 30 1993, the Commission entered into an agreement with the Sabine Parish Sales and Use Tax

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

Commission (Tax Commission) to authorize the Tax Commission to collect the occupancy tax beginning February 1, 1993.

During 2002 and 2001 the Commission received certain appropriated sales tax revenues from Louisiana.

(4) Administrative fee

The Commission shares staffing and occupancy expenses with the Sabine Parish Chamber of Commerce. Staffing and occupancy expenses are paid by the Sabine Parish Chamber of Commerce. A fixed monthly assessment is paid by the Commission to the Chamber to reimburse the cost of services provided by the Chamber to the Commission.

(5) Operations

The Commission operates as a political subdivision of the state of Louisiana, therefore it is exempt from income tax and is not required to file an annual information return.

(6) Accounts receivable

At June 30, 2002 receivables consisted of \$14,147 due from the Sabine Parish Sales Tax Commission, and \$74 of accrued interest receivable.

(7) Leases

The Sabine Parish Tourist and Recreation Commission was not involved in any capital or operating leases at June 30, 2002.

(8) Cash and investments

Louisiana Revised Statutes authorize the Commission to invest in United States bonds, treasury notes or certificates, time certificates of deposit, or any other federally insured investment. Investments are stated at cost, which approximates market value. Of the total of \$133,579 in cash deposited in demand and time deposits as of June 30, 2002, \$133,579 was secured through federal depository insurance.

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

(9) Changes in general fixed assets

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
Equipment-display furniture and fixtures	\$ 8,713	\$ 0	\$ 0	\$ 8,713
Office furniture & fixtures	4,805	0	0	4,805
Land	0	45,695	0	45,695
Automobile	20,243	13,749	(20,243)	13,749
	-----	-----	-----	-----
	\$33,761	\$59,444	\$(20,243)	\$72,962
	=====	=====	=====	=====

(10) Compensation of directors

The directors received no compensation or per diem during the year ended June 30, 2002.

(11) Commitments

In November 2001 the Commission purchased land for \$45,000 to use as a future location of their office and tourist welcome center. In connection with funding construction of the new office and tourist welcome center, the Commission has obtained a \$100,000 capital outlay appropriation from Louisiana and has received approval from the State Bond Commission to borrow \$150,000 at 4.75% for a period not to exceed 10 years. Sabine State Bank has agreed to lend the Commission \$150,000 in accordance with the terms approved by the State Bond Commission. In addition, the Sabine Parish Chamber of Commerce has agreed to rent office space from the Commission for \$1,000 per month upon occupancy of the new tourist welcome center.

GENERAL FUND

To account for resources traditionally associated with governments which
are not required to be accounted for in another fund.

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2002 AND 2001

ASSETS	2002	2001
Cash	\$133,579	\$125,143
Accounts receivable	14,221	11,488
Prepaid expenses	1,539	5,456
Total assets	<u>\$149,339</u>	<u>\$142,087</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	<u>\$1,324</u>	<u>\$2,965</u>
Total liabilities	1,324	2,965
Fund balance - unreserved	<u>148,015</u>	<u>139,122</u>
Total liabilities and fund balance	<u>\$149,339</u>	<u>\$142,087</u>

The accompanying notes are an integral part of these statements.

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:			
Hotel-motel tax	\$90,000	\$98,676	\$8,676
Louisiana appropriation	100,000	107,700	7,700
Miscellaneous income	2,300	354	(1,946)
Interest income	0	1,867	1,867
Total revenues	192,300	208,597	16,297
Expenditures:			
General government:			
Advertising and publicity	71,600	50,063	21,537
Administrative fee	49,100	57,996	(8,896)
Shows and travel expense	21,800	18,096	3,704
Office supplies	3,200	3,152	48
Professional fees	1,700	2,556	(856)
Insurance	1,250	2,257	(1,007)
Telephone	4,300	3,766	534
Dues	1,100	949	151
Interest	0	56	(56)
Collection fees	1,500	1,369	131
Total general government	155,550	140,260	15,290
Capital outlay	64,749	59,444	5,305
Total expenditures	220,299	199,704	20,595
Excess (deficiency) of revenues over (under) expenditures	(27,999)	8,893	36,892
Fund balance, beginning	139,122	139,122	0
Fund balance, ending	\$111,123	\$148,015	\$36,892

The accompanying notes are an integral part of these statements.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets used in general fund operations.

EXHIBIT E

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
JUNE 30, 2002 AND 2001

	2002	2001
General fixed assets, at cost:		
Equipment - display furniture and fixtures	\$8,713	\$8,713
Office furniture and fixtures	4,805	4,805
Land	45,695	0
Automobile	13,749	20,243
Total general fixed assets	<u>\$72,962</u>	<u>\$33,761</u>
Investment in general fixed assets:		
General fund revenues	<u>\$72,962</u>	<u>\$33,761</u>

EXHIBIT F

SABINE PARISH TOURIST AND RECREATION COMMISSION
MANY, LOUISIANA
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED JUNE 30, 2002

	Equipment- display furniture & fixtures	Office furniture & fixtures	Land	Autos
Balance, beginning of year	<u>\$8,713</u>	<u>\$4,805</u>	<u>\$0</u>	<u>\$20,243</u>
Additions	0	0	45,695	13,749
Deductions	<u>0</u>	<u>0</u>	<u>0</u>	<u>(20,243)</u>
Balance, end of year	<u>\$8,713</u>	<u>\$4,805</u>	<u>\$45,695</u>	<u>\$13,749</u>

The accompanying notes are an integral part of these statements.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Sabine Parish Tourist and
Recreation Commission
Many, Louisiana

I have audited the general purpose financial statements of the Sabine Parish Tourist and Recreation Commission, Louisiana, and the individual fund, and account group financial statements of the Sabine Parish Tourist and Recreation Commission, Louisiana, for the year ended June 30, 2002, and have issued my report thereon dated October 21, 2002. I conducted my audit in accordance with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Sabine Parish Tourist and Recreation Commission, Louisiana's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards*. The following information relates to the disposition of prior year conditions:

Prior Year Conditions

1. Existing Condition

On January 18, 2001 the Commission voted to increase the director's salary retroactive to January 1, 2001. In addition, on December 12, 2000, the Commission voted to pay the staff \$1,500 in bonuses in an effort to express appreciation for work during the year. The Attorney General has ruled that retroactive payment of salary increases to public employees and payment of bonuses constitutes a donation and is prohibited by Louisiana Constitution Article 7, Section 14(A).

Recommended action

The Commission should only make compensation adjustments for the future, and not retroactively for past services rendered. In general, incentive compensation plans have been ruled illegal under the Constitution unless they only result in future compensation adjustments.

Action taken

The Commission has agreed to not make retroactive compensation adjustments in the future. No incentive payments will be made based on past service. No exceptions to this policy were noted for the year ended June 30, 2002.

2. Existing Condition

The Commission does not publish minutes of the Board meetings, however R.S. 43:171 would appear to require publication of the minutes.

Recommended action

The Commission should have the Board minutes published as proscribed by R.S. 43:171.

Action taken

The Commission is now publishing minutes of the monthly Board meeting.

3. Existing condition

The Commission paid \$69 for food to host a dinner for the volunteers who staff the Commission's booth at various travel shows around the nation. In addition, the Commission paid \$48 in food for the director and secretary to have lunch on secretary day. These expenditures were funded with tax revenues, which is in apparent violation of Article 7, Section 14(A) of the Louisiana Constitution.

Recommended action

The Commission should be aware of the potential for problems under Article 7 of the Constitution relating to providing employees and volunteers with meals, and consider other methods to achieve the objective of honoring volunteers without violating the intent of Article 7.

Action taken

The Commission will not fund these expenditures with tax revenues in the future. No expenditures of this type were noted during the year ended June 30, 2002.

4. Existing condition

The Commission is exempt from the payment of sales taxes on vendor purchases, however during the year ended June 30, 2001 the Commission paid \$147 in sales taxes relating to four invoices for various vendors through clerical oversight.

Recommended action

The Commission check signers should check invoices to be sure they do not contain a charge for sales taxes before signing the checks. Additional care should be taken when processing vendor invoices for payment to insure that vendors are not paid sales taxes.

Action taken

The Commission will follow the above recommendations. No instances of payment of sales taxes were noted in the year ended June 30, 2002.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Sabine Parish Tourist and Recreation Commission, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of management, Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



EUGENE W. FREMAUX II, CPA
October 21, 2002